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NATIONAL INTELLIGENCE ESTIMATE

PRESENT POLITICAL SITUATION IN GUATEMALA AND POSSIBLE DEVELOPMENTS DURING 1952



NIE - 62

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The intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and the Joint Staff participated with the Central Intelligence Agency in the preparation of this estimate. All members of the Intelligence Advisory Committee concurred in this estimate on 6 March 1952. See, however, footnotes to paragraphs 7 and 27.

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PRESENT POLITICAL SITUATION IN GUATEMALA AND POSSIBLE DEVELOPMENTS DURING 1952

THE PROBLEM

To analyze the present political situation in Guatemala and possible developments during 1952.

CONCLUSIONS

1. The Communists already exercise in Guatemala a political influence far out of proportion to their small numerical strength. This influence will probably continue to grow during 1952. The political situation in Guatemala adversely affects US interests and constitutes a potential threat to US security.
2. Communist political success derives in general from the ability of individual Communists and fellow travelers to identify themselves with the nationalist and social aspirations of the Revolution of 1944. In this manner, they have been successful in infiltrating the Administration and the pro-Administration political parties and have gained control of organized labor upon which the Administration has become increasingly dependent.
3. The political alliance between the Administration and the Communists is likely to continue. The opposition to Communism in Guatemala is potentially powerful, but at present it lacks leadership and organization. So far Communist-inspired Administration propaganda has succeeded in stigmatizing all criticism of Communism as opposition to the Administration and to the principles of the still popular Revolution of 1944.
4. Future political developments will depend in large measure on the outcome of the conflict between Guatemala and the United Fruit Company. This conflict is a natural consequence of the Revolution of 1944, but has been exacerbated by the Communists for their own purposes.
5. If the Company should submit to Guatemalan demands the political position of the Arbenz Administration would be greatly strengthened. It is probable that in this case the Government and the unions, under Communist influence and supported by national sentiment, would exert increasing pressure on other US interests, notably the Railway.
6. If the Company should withdraw from Guatemala a worsening economic situation would probably result. It is unlikely, however, that the economic consequences during 1952 would be such as to threaten political stability unless there were a coincident and unrelated decline in coffee production, prices, or markets.
7. Any deterioration in the economic and political situations would tend to increase

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the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, it is unlikely that the Communists could come directly to power during 1952, even though, in case of the incapacitation of President Arbenz, his present legal successor would be a pro-Communist.*

8. In present circumstances the Army is loyal to President Arbenz, although increasingly disturbed by the growth of Communist influence. If it appeared that

the Communists were about to come to power in Guatemala, the Army would probably prevent that development.

9. In the longer view, continued Communist influence and action in Guatemala will gradually reduce the capabilities of the potentially powerful anti-Communist forces to produce a change. The Communists will also attempt to subvert or neutralize the Army in order to reduce its capability to prevent them from eventually taking full control of the Government.

DISCUSSION

The Arbenz Administration

10. The present political situation in Guatemala is the outgrowth of the Revolution of 1944. That Revolution was something more than a routine military coup. From it there has developed a strong national movement to free Guatemala from the military dictatorship, social backwardness, and "economic colonialism" which had been the pattern of the past. These aspirations command the emotional loyalty of most politically conscious Guatemalans and the administration of President Arbenz derives corresponding strength from its claim to leadership of the continuing national Revolution.

11. President Arbenz himself is essentially an opportunist whose politics are largely a matter of historical accident. Francisco Arana,

* The Special Assistant, Intelligence, Department of State, would substitute the following paragraph: "Any deterioration in the economic and political situation would probably at first tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, an economic crisis might force the Government to turn against the Communists in order to save its political position. On the other hand, it is unlikely that the Communists could come directly to power during 1952, even though the incapacitation of President Arbenz would bring a pro-Communist as his legal successor."

the principal military leader of the Revolution of 1944, became Chief of the Armed Forces under President Arévalo and Arbenz, a lesser member of the military *junta*, became Minister of Defense. As the Arévalo Administration turned increasingly leftward in its policies Arana opposed that trend. His possible election to the Presidency in 1951 became the one hope of moderate and conservative elements in Guatemala. In view of Arana's political position, Arbenz, his personal rival for military leadership, became the more closely associated with Arévalo and the leftist position in Guatemalan politics. The assassination of Arana in 1949 cleared the way for Arbenz' succession to the Presidency in 1951.

12. By 1951 the toleration of Communist activity which had characterized the early years of the Arévalo Administration had developed into an effective working alliance between Arévalo and the Communists. Arbenz, to attain the Presidency, made with the Communists commitments of mutual support which importantly affect the present situation. He did not, however, surrender himself completely to Communist control.

Communist Strength and Influence

13. The Communist Party of Guatemala has no more than 500 members, of whom perhaps one-third are militants. The Party, however,

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has recently reorganized and is actively recruiting, especially in Guatemala City, on the government-owned coffee plantations, and among United Fruit Company workers. It is in open communication with international Communism, chiefly through the Communist-controlled international labor organizations, the Latin American CTAL and the world-wide WFTU.

14. The Communists have achieved their present influence in Guatemala, not as a political party, but through the coordinated activity of individual Communists in the leftist political parties and labor unions which emerged from the Revolution of 1944. The extension of their influence has been facilitated by the applicability of Marxist clichés to the "anti-colonial" and social aims of the Guatemalan Revolution.

15. With the assistance of the Government, Communist and Communist-influenced labor leaders have been the most successful organizers of Guatemalan labor, especially among the United Fruit Company and government plantation workers. Their formation of the General Confederation of Guatemalan Workers in 1951 and Government pressure for labor unity have facilitated the extension of their control over all organized labor. They have been less successful in converting to political Communism the mass of labor, which is illiterate and politically inert. In the important railway workers' and teachers' unions there is opposition to association with Communism.

16. Through their control of organized labor and their influence within the pro-Administration political parties the Communists have been successful in gaining influential positions within the Government: in Congress, the National Electoral Board, the Institute of Social Security, the labor courts, the propaganda office, and the official press and radio. Their influence is extended by the presence of an indefinite number of Communist sympathizers in similar positions. The Communists do not fully control the Administration, however. Over their protests President Arbenz has recently dismissed a pro-Communist Minister of Education and ap-

pointed a non-Communist Minister of Communications.

17. If President Arbenz should become incapacitated his legal successor would be Julio Estrada de la Hoz, the President of Congress, an ardent nationalist but a Communist sympathizer. In this event, however, the Army would probably seize power itself in order to prevent the Communists from gaining direct control of the Government.

The Anti-Communist Potential in Guatemala

18. Various elements in Guatemala, including many loyal adherents of the Revolution of 1944, view with misgiving the rapid growth of Communist influence in that country. The principal elements of this latent anti-Communist potential are:

a. The Catholic hierarchy, implacably opposed to Communism. While its influence has been considerable, the Church has been handicapped by the small number of priests and by a lack of a constructive social program.

b. Guatemalan landholding and business interests. These interests, which are now enjoying prosperity, resent increasing taxes and labor costs, but so far have not been subjected to direct attack, as have corresponding foreign interests. They may shortsightedly hope for advantage at the expense of these foreign interests.

c. The strong railway workers' union, which has repudiated its adherence to the Communist-controlled Confederation and has ousted its former leaders.

d. A large proportion of university students and an important segment of leadership in the teachers' union.

e. The Army, which has shown some concern over the growth of Communist influence. The Army command is loyal to President Arbenz and to the Revolution of 1944, but is probably prepared to prevent a Communist accession to power.

19. So far, Communist-inspired Administration propaganda has been successful in stigmatizing all criticism of the Administration

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as opposition to the principles of the Revolution of 1944. So long as it remains possible to discredit opposition to Communism by identifying it with opposition to the Revolution of 1944 and with support of foreign "colonialism," it is unlikely that a coherent, sustained, and effective opposition to Communism will develop. Moreover, political dissatisfaction in Guatemala has been strong enough to unify the pro-Administration parties, and to prevent members of these parties from openly opposing the Communists. For the period of this estimate, therefore, it is likely that the alliance between the Administration and the Communists will continue, and that the potentially powerful opposition to Communism will remain ineffective.

The United Fruit Company Crisis

20. The United Fruit Company, which conducts extensive operations in nine Latin American countries, dominates Guatemalan banana production. The Company controls the only effective system of internal transportation, the International Railways of Central America. Through its merchant fleet the Company has a virtual monopoly of Guatemalan overseas shipping. It owns or leases large tracts of land in Guatemala and is second only to the Government as an employer of Guatemalan labor.

21. The important position of the United Fruit Company in their economy has long been resented by Guatemalan nationalists, regardless of the fact that the wages and workers' benefits provided by the Company were superior to any others in the country. When the Revolutionists of 1944 undertook to "liberate" Guatemala from "economic colonialism" they had the Company specifically in mind. The Government can therefore count on the support of Guatemalan national sentiment in its conflict with the Company.

22. The present crisis had its origin in the virtual destruction of the Company's principal Guatemalan plantation by wind storms in September 1951. In view of previous Communist-inspired labor troubles, the Company unsuccessfully demanded Government assurances against future increased labor costs be-

fore it would undertake to rehabilitate the plantation. Meanwhile the Company suspended some 4,000 out of the 7,000 workers at that plantation. With Government support, the Communist-led union demanded that these workers be reinstated with pay for the period of suspension and the labor court ruled in favor of the union. The Company refused to comply with the court's decision and in consequence certain of its properties have been attached to satisfy the workers' claim for back pay. The scheduled sale of these properties has been postponed, however, in circumstances which suggest the possibility of a compromise settlement of the dispute.

23. The Communists have an obvious ulterior purpose in forcing the issue with the Company. The Government, however, probably does not desire to drive the Company from Guatemala at this time, preferring that it remain in the country on the Government's terms. The Company's employees also have an interest in the continuation of its operations. For its part, the Company has an interest in preserving its investment in Guatemala.

Possible Future Developments

24. Future developments will depend in large measure on the outcome of the struggle between the United Fruit Company and the Guatemalan Government.

25. If the Company should submit to Guatemalan demands the political position of the Arbenz Administration would be greatly strengthened. The result, even if it were a compromise agreement, would be presented as a national triumph over "colonialism" and would arouse popular enthusiasm. At the same time the Company would continue its operations, paying taxes and wages. The Government and the unions, under Communist influence and supported by national sentiment, would probably proceed to exert increasing pressure against other US interests in Guatemala, notably the Railway.

26. If the Company were to abandon its investment in Guatemala there would also be a moment of national triumph, but it would soon be tempered by realization of the eco-

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conomic consequences of a cessation of the Company's operations. It is unlikely, however, that these consequences during 1952 would be severe enough to threaten the stability of the regime unless there were a coincident and unrelated decline in coffee production, prices, or markets.

27. Any deterioration in the economic and political situations would tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, it is unlikely that the Communists could come directly to power during 1952, even though, in case of the incapacitation of President Arbenz, his present legal successor would be a pro-Communist.*

* The Special Assistant, Intelligence, Department of State, would substitute the following paragraph: "Any deterioration in the economic and political situation would probably at first tend to increase the Administration's dependence on and favor toward organized labor, with a consequent increase in Communist influence. However, an economic

28. If during 1952 it did appear that the Communists were about to come to power by any means, the anti-Communist forces in Guatemala would probably move to prevent that development. In particular, the Army command would probably withdraw its support from the Administration and seize power itself.

29. In the longer view, continued Communist influence and action in Guatemala will gradually reduce the capabilities of the potentially powerful anti-Communist forces to produce a change. The Communists will also attempt to subvert or neutralize the Army in order to reduce its capability to prevent them from eventually taking full control of the Government.

crisis might force the Government to turn against the Communists in order to save its political position. On the other hand, it is unlikely that the Communists could come directly to power during 1952, even though the incapacitation of President Arbenz would bring a pro-Communist as his legal successor."

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